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J. DAVID NAVARRO, Clerk  
By JENNIFER DUBOISE  
DEPUTY

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Attorneys for Plaintiff

**IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT  
OF THE STATE OF IDAHO, IN AND FOR ADA COUNTY**

STATE OF IDAHO, DEPARTMENT OF )  
FINANCE, SECURITIES BUREAU, )  
Plaintiff, )

vs. )

PARAMOUNT FINANCIAL GROUP, )  
INC., a Colorado corporation; DOUGLAS )  
G. GREGG, president and director, in his )  
official and individual capacities; and J.L. )  
"ROCKY" PFEFFER, JR., vice-president, in )  
his official and individual capacities, and )  
their agents and representatives, )  
Defendants. )

Case No. CV OC 0205937D

**STIPULATION FOR  
ENTRY OF JUDGMENT  
AS TO DEFENDANTS  
PARAMOUNT FINANCIAL GROUP,  
INC. AND DOUGLAS G. GREGG**

The Department of Finance, State of Idaho, Securities Bureau ("Department") and Defendants Paramount Financial Group, Inc. ("Paramount") and Douglas G. Gregg ("Gregg"), have agreed to resolve all matters concerning such Defendants relating to the above-captioned

**STIPULATION FOR ENTRY OF JUDGMENT AS TO DEFENDANTS PARAMOUNT  
FINANCIAL GROUP, INC. AND DOUGLAS G. GREGG - Page 1**

action, pursuant to the following Stipulation. The Department, Paramount and Gregg hereby stipulate and agree to the following terms and conditions:

(1) Paramount and Gregg admit that they violated Idaho Code § 30-1416 in that they sold to an Idaho resident, Investor E.B., through printed offering materials and oral solicitations, high yield debentures in the form of one promissory note, which constitutes a security under the Idaho Securities Act, when such security was not registered with the Department.

(2) Paramount and Gregg neither admit nor deny the allegations set forth in paragraphs 2 through 5 of the Complaint filed herein, and the Department agrees that it will not pursue Counts 2 through 5 in any administrative or civil action against Paramount and Gregg.

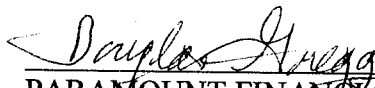
(3) Pursuant to Idaho Code § 30-1442(3)(a), Defendants Paramount and Gregg agree to restore to Investor E.B. \$50,000, plus \$1,737.26 in accrued interest, in consideration which Paramount and Gregg acquired through the sale of the security referenced in paragraph (1) above.

(4) Pursuant to Idaho Code § 30-1442(3), and in view of the foregoing, Paramount and Gregg consent to the Court entering against each of them the injunction set forth in the Stipulated Judgment and Permanent Injunction Against Paramount Financial Group, Inc. and Douglas G. Gregg, a copy of which is attached hereto as Exhibit "A."


(5) Pursuant to Idaho Code § 30-1442(3)(b), Paramount and Gregg agree to pay a civil penalty to the Department in the amount of \$10,000 for their violation of Idaho Code § 30-1416 as set forth in paragraph (1) above. Such penalty payment is due by no later than November 10, 2002.

(6) The Department agrees to forgo any claim for costs, attorney fees, and reimbursement for investigative efforts in this action pursuant to Idaho Code § 30-1442(3)(c), and also agrees to forgo any additional penalties against Paramount and Gregg related to this action. Paramount and Gregg agree to bear their own attorney fees and costs in this action.

DATED this 5<sup>th</sup> day of November, 2002.


  
PARAMOUNT FINANCIAL GROUP, INC., by  
and through its president and director,  
DOUGLAS G. GREGG

DATED this 5<sup>th</sup> day of November, 2002.


  
DOUGLAS G. GREGG, an individual

APPROVED AS TO FORM AND CONTENT.

DATED this 5<sup>th</sup> day of November, 2002.

  
BRYAN CAVE LLP, by RANDOLF W. KATZ,  
Counsel for PARAMOUNT FINANCIAL GROUP,  
INC., and DOUGLAS G. GREGG

DATED this 8<sup>th</sup> day of November, 2002.

  
MARILYN T. CHASTAIN,  
Securities Bureau Chief  
Idaho Department of Finance

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 8<sup>th</sup> day of November, 2002, I served a true and correct copy of the foregoing STIPULATION FOR ENTRY OF JUDGMENT AS TO DEFENDANTS PARAMOUNT FINANCIAL GROUP, INC. AND DOUGLAS G. GREGG, by depositing the same in the United States Mail, postage prepaid, in an envelope addressed to:

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"ROCKY" PFEFFER, JR., vice-president, in )  
his official and individual capacities, and )  
their agents and representatives, )

Defendants. )

Case No. CV OC 0205937D

**STIPULATED JUDGMENT AND  
PERMANENT INJUNCTION AGAINST  
PARAMOUNT FINANCIAL GROUP,  
INC. AND DOUGLAS G. GREGG**

Defendants Paramount Financial Group, Inc. and Douglas G. Gregg, and the Department of Finance, State of Idaho, Securities Bureau ("Department"), having agreed to resolve all

allegations set forth in the Complaint filed in the above-captioned matter by the stipulation on file herein,

NOW, THEREFORE, THE COURT HEREBY FINDS that Defendants Paramount Financial Group, Inc. and Douglas G. Gregg have violated Idaho Code § 30-1416 by selling a security to an Idaho resident while such security was not registered with the Department. The parties acknowledge that \$51,737.26 in restitution and accrued interest on such security has been restored to the investor who purchased such security, and no further restitution is ordered. The parties acknowledge that a \$10,000 civil penalty has been paid to the Department by Paramount Financial Group, Inc. and Douglas G. Gregg pursuant to the stipulation, and no further penalty is ordered.

Further, THE COURT HEREBY ADJUDGES, ORDERS, AND DECREES as follows:

INJUNCTIVE RELIEF:

Defendants Paramount Financial Group, Inc. and Douglas G. Gregg are permanently enjoined from engaging in any acts, practices or omissions which would constitute violations of the Idaho Securities Act, Title 30, Chapter 14, Idaho Code, and in particular, they are permanently enjoined from:

- A. Selling or offering for sale nonexempt securities in any form in the state of Idaho until such time as the securities have been registered with the Idaho Department of Finance in accordance with Title 30, Chapter 14, Idaho Code; and
- B. While engaged in or in connection with the offer, sale or purchase of any security in the state of Idaho:

- (1) Employing any device, scheme, or artifice to defraud any investors or prospective investors;
- (2) Making any untrue statement of a material fact or omitting to state a material fact necessary in order to make statements made, in light of the circumstances under which they are made, not misleading;
- (3) Engaging in any act, practice or course of business which operates, or would operate, as a fraud or deceit upon any person;
- (4) Aiding, abetting, counseling, inducing or causing any other person to engage in any of the types of conduct described in paragraphs B(1), B(2), or B(3) above.

Defendants Paramount Financial Group, Inc. and Douglas G. Gregg are further prohibited from claiming the availability of, using or offering or selling securities under any exemptions under the Idaho Securities Act without receiving the prior written permission or confirmation from the Director of the Idaho Department of Finance.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2002.

\_\_\_\_\_  
District Judge